

# BusIndNews

E-NEWSLETTER FOR AICPA MEMBERS IN BUSINESS & INDUSTRY

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### Dear Members

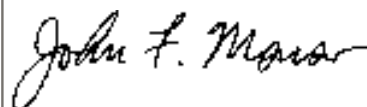
We hope your new year is off to a great start!

In our last edition we highlighted some of the enhancements we are making to the Business and Industry Economic Outlook Survey. The Q1 2007 survey was released to the field last week and we have received over 700 responses already, which is terrific for the first wave. If you have been included in the sample for this quarter and have not responded, we would encourage you to be on the lookout for the follow-up notices and take a few minutes to provide us with your take on the economy and stay tuned for the results to be published in February.

We also put out a call for volunteers to participate in developing a private-company version of the AICPA Audit Committee Toolkit. While we appreciate it is a very busy time for all, we would like to at least staff a task force to be activated when people are more available so if you would like to contribute to this effort, or work for a private company and have an audit committee charter that you would be willing to share with the task force, please contact our colleague Kayla Briggs at [kbriggs@aicpa.org](mailto:kbriggs@aicpa.org).

Finally, it is that time of year when our members are sometimes asked to "push the envelope" a bit too far or otherwise find themselves in ethically challenging situations. With that in mind I would once again call your attention to our [Ethics Decision Tree](#), available as a free download from our [Antifraud and Corporate Responsibility Center](#). Hopefully, you will have no use for it but we have received enough feedback over time that we know this is a resource worth mentioning.

Best regards,



John F. Morrow, CPA  
AICPA Vice President  
Business, Industry & Government

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## SEC Posts Management Guidance; PCAOB Posts New Audit Standard

In our last issue of BusIndNews we reported that the SEC had voted to propose for public comment the guidance it had developed to assist management in its assessment of internal control over financial reporting for SOX Section 404 compliance. The [proposed rules](#) have now been posted for public comment. Comments on the proposed rules are requested to be submitted by February 26, 2007.

The SEC has stated that they still believe that it is impractical to prescribe a single methodology that meets the needs of every company and therefore that is why the proposed guidance is principles-based. The two overarching principles are:

- Management should evaluate the design of the controls that it has implemented to determine whether they adequately address the risk that a material misstatement in the financial statements would not be prevented or detected in a timely manner. **Example:** If management determines that the risks for a particular financial reporting element are adequately addressed by an entity-level control, no further evaluation of other controls is required.
- Management's evaluation of evidence about the operation of its controls should be based on its assessment of risk. **Example:** Management may be able to use more efficient approaches to gathering evidence, such as self-assessments, in low-risk areas, and perform more extensive testing in high-risk areas.

The new auditing standard being proposed by the PCAOB to replace AS 2, [An Audit of Internal Control over Financial Reporting that is Integrated with an Audit of Financial Statements](#), has also been posted and is available at the link.

### Most Influential in 2007

An online version of an article originally appearing in the January issue of [Business Finance](#) by author Eric Krell, discusses significant influencers in the world of finance and accounting in 2007. The article begins with Erik Lie, the University of Iowa professor whose research "helped propel some 120 companies into the regulatory spotlight as a result of past stock option grants." The article ends addressing significant contributions by Academics and Universities, including mention of Kenneth Merchant of USC "a long-time influencer who currently serves on the AICPA's business and industry executive committee."

Not your typical compendium of those who have reached the upper echelons of their organizations, Krell's article includes journalists in the

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category of Watchdogs and Industry Experts, engages current debates under the categories of Regulators and Legislators and highlights significant issues and trends involving Standard Setters, Finance Executives and Accounting Firms.

**FASB Decides Not to Extend the FIN 48 Effective Date**

In response to feedback about challenges being encountered in the implementation of FIN 48, the FASB considered whether to extend the effective date at their January 17 meeting. Unfortunately, FASB voted unanimously not to extend the effective date for the required implementation. However, they also voted 5 to 2 to provide additional guidance to companies about how to comply with the rule if a company is faced with an open-ended tax settlement. For additional information on this and other FASB activities click on the following link to [FASB Action Alerts](#). Also, for those who may have missed the announcements over the holidays, the AICPA has developed the free FIN 48 Guidance described below.

**AICPA Member Guidance on FIN 48, Accounting for Uncertain Tax Positions**

To help financial statement preparers, auditors, and tax advisers meet this new requirement, our colleagues in Accounting Standards, Auditing and Attest Standards, and the Tax Team have developed a Practice Guide on Accounting for Uncertain Tax Positions Under FIN 48. This 13-page practice guide includes highlights of FIN 48 and its implications for in-house accountants, auditors, and tax advisers. It is not authoritative, but is intended to assist members in quickly understanding the requirements of FIN 48. The practice guide is available for FREE to all AICPA members at [www.aicpa.org/FIN48Guide](http://www.aicpa.org/FIN48Guide).

**Private Equity: The Boom Before the Bust?**

Drawing a parallel between the double-digit private equity deals that have been in the media of late and recalling that the RJR Nabisco deal in 1989 was the harbinger of the end of the era of junk bond deals, a recent [Knowledge@Wharton](#) article about the private equity market provocatively raises the question about whether private equity investors are in for a let-down on the heels of what appears to be a glut of available money for deals.

One observation that the article makes is that the rush to private equity has blurred the lines between the players involved and the time horizons of deals. Hedge funds, once focused primarily on public markets, are now moving into investments that might require more patience than they have been accustomed to. At the same time, private equity funds, either by

themselves or with others, are going after larger deals, previously only in the domain of the public markets. This article asserts that the nature of these larger deals is such that financial engineering will not be the primary path to desired returns, that these larger deals will require more management and longer time horizons to realize their target returns. This, in turn will continue to extend the time horizon for liquidity events already being experienced in the marketplace.

The article does not necessarily conclude in favor of the provocative question that it raises. However, it does make some additional observations about the impact of the amount of money being raised in relation to available investments, private equity in Europe and other international markets, and the increasing likelihood of attracting the attention of regulators.

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## Career Corner

### Career Related New Year Resolutions

According to stats highlighted in a recent [SmartPros.com](#) article, a relatively small percentage of workers (12%) actually make New Year Resolutions related to their careers. However, of those who did so at the beginning of 2006, 72% were successful in achieving their goals during the year – that’s way better than we would have thought!

According to an Accountemps survey, respondents emphasized the following priorities for 2007 career goals:

- Skills enhancement - 24 %
- Earning a raise or promotion – 22 %
- Greater work/life balance – 20 %
- Finding a new job - 14 %
- Improving work relationships - 8 %

While the article makes some sound recommendations for making and realizing career goals, for the “heavy-lifting” of personal career planning and development, we would direct your attention to the following resources developed specifically for you as a CPA and member of the AICPA.

### New Member Resource: Take Charge of your Career

In these fast changing times, it’s hard for busy professionals to recognize when new competencies need to be learned—and to make sure their core competencies continue to meet the current needs of the marketplace. Career planning can be difficult and overwhelming. But help

is here. The attached *Take Charge of Your Career*, a 5-step guide to help current and aspiring CPAs with their career planning, is now available for download from the Financial Management Center, at [Take Charge of Your Career](#).

Created by the Business, Industry and Government team, but useful for current and aspiring CPAs, *Take Charge of Your Career* makes the career planning process less daunting. Anyone, at any point in his or her career, can use the guide's tips and tools to avoid career stagnation and move closer to goals and aspirations. This free guide can also help you cope with changes, both planned and unplanned.

When used with the [AICPA Competency Self-Assessment Tool \(CAT\)](#) which is available online at [www.cpa2biz.com/CAT](http://www.cpa2biz.com/CAT) , the guide can help current and future CPAs with their careers. Remember, CAT is free to AICPA members!

Please share this email and information with your members and staff. The *Take Charge of Your Career Guide* and Competency Self-Assessment Tool are important resources that all our members should know about. For more information or to request someone to speak about the guide and CAT at your next meeting, please contact our colleague Kayla Briggs, AICPA Competency Center Champion, at [kbriggs@aicpa.org](mailto:kbriggs@aicpa.org), or 919-402-4822.

### **CFOs as CEOs According to McKinsey**

If you are a CFO with aspirations of becoming a CEO you might find this article in the [McKinsey Quarterly](#) interesting (free registration required). Based on interviews of a wide range of sources, the article points out that for every person who felt strongly that CFOs make good CEOs, there was one who held the opposing view.

More importantly, the article breaks down the situations in which it is most desirable to have a CFO at the helm and also outlines the critical issues that emerge when CFOs do win the promotion. Three keys to making the transition include:

- **Adopting a CEO mind-set.** Taking a more holistic view, focusing on the entire organization, and becoming the external face to a broader set of stakeholders than just the financial community.
- **Delegating responsibility.** Resisting the roles and familiar habits of previous finance and control responsibilities that lead to becoming a “controlasaurus.”
- **Build the right team.** Recognizing your own strengths and

limitations is essential to building a strong complementary team with the right skills, including the skills to mentor the CEO in areas of marketing, operations and sales.

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## Tech Center

### AICPA and CICA Issue Privacy Principles

In an effort to reach a broader business audience, the AICPA and the Canadian Institute of Chartered Accountants have published *Generally Accepted Privacy Principles (GAPP) – a Global Privacy Framework*. The release of GAPP is available in two versions, one for business and management and the other for CPAs in public practice that provide consulting and attestation services.

The new principles are the evolution of an AICPA/CICA Privacy Framework developed in 2003. In tracking the impact of that Privacy Framework document, the AICPA and CICA found that the Framework has become widely accepted and used not only as the basis for independent privacy audits by several large organizations, but also by commercial entities in developing products and services, and by businesses as a benchmark in creating internal privacy practices.

Several organizations worked in conjunction with the AICPA and CICA on the GAPP, including ISACA and the Institute of Internal Auditors. A downloadable version of GAPP, along with additional information about the development and additional privacy resources, can be found at [www.aicpa.org/privacy](http://www.aicpa.org/privacy). *Generally Accepted Privacy Principles; A Global Privacy Framework* can be downloaded from these Web sites.

### Expand Your Horizons by earning the CITP Credential for CPAs

The AICPA Certified Information Technology Professional (CITP) credential holder is a CPA who is recognized for their technology expertise and unique ability to bridge the gap between business and technology. CITPs receive a complimentary membership in the AICPA IT Section. If the CITP is not for you, consider joining the AICPA IT Section which offers inclusion in the annual Top Technology Initiative survey and subsequent deliverables, TECH+ Conference discount, and more! Visit [www.aicpa.org/infotech](http://www.aicpa.org/infotech) to learn more and to apply.

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## Learning Links

## Trends and Techniques 60th Edition Now Available

Now in its **60th edition** – [Accounting Trends and Techniques](#) is the must-have resource for any CPA who frequently creates or uses financial reports. Filled with current reporting techniques and methods used by the nation's top organizations, this 650-page AICPA best-seller will provide guidance you need.

## Free Test Drive for New AICPA CPEExpress

The AICPA's popular online learning library has a new name and enhanced functionality. A 30 day free trial of CPEExpress, formerly known as InfoBytes, is being offered to introduce the new features and appearance of the product. For more info click on [CPEExpress](#) and register for your free trial.

Financial Training Decision-Makers: For information on in-house training and tools to manage professional development, go to [AICPA Learning](#) or call 1-800-634-6780, Option 1

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## Upcoming Webcasts

### Spring 2007 MAG Infocast Series

Mark your calendars now for our Spring 2007 MAG Infocast Series to be offered in collaboration with CMA Canada, CIMA (the Chartered Institute of Management Accountants), and sponsored by SAP as follows:

**Thurs, March 22 - Strategy Mapping: One Picture Worth a Thousand Words**

**Thurs, April 19 - IT Investments: Capturing the Return**

**Thurs, May 17 - Internet Marketing: Evaluating the Value Proposition**

Following the model of the successful Fall 2006 Series these infocasts will be presented at 12pm ET by the authors of the underlying Management Accounting Guidelines and moderated by AICPA Vice President John Morrow. They will be free with AICPA members having the option of purchasing one CPE credit for \$29.95.

***Strategy Mapping: One Picture Worth a Thousand Words*** will be presented by Howard M. Armitage, Ph.D, FCMA, Gordon H. Cowperthwaite Professor of Accounting and Director of the Centre for Business, Entrepreneurship and Technology at the Faculty of Engineering, University of Waterloo and based on a MAG written by Armitage and Cameron Scholey, MBA, CMA, that will be available this

Spring 2007.

***IT Investments: Capturing the Return*** will be presented by Marc J. Epstein, Distinguished Research Professor of Management at Jones Graduate School of Management at Rice University in Houston, Texas and based on the MAG *Evaluating Performance in Information Technology* published in 2005.

***Internet Marketing: Evaluating the Value Proposition***, will provide an overview of the method for measuring the payoffs of internet marketing initiatives developed from the best practices from marketing, e-commerce, and information technology by Epstein and co-author Kristi Yuthas in the MAG *Evaluating the Effectiveness of Internet Marketing Initiatives*, also available in Spring 2007.

### **2007 SEC Quarterly Update Webcasts**

The AICPA will also be continuing the successful SEC Quarterly Update Webcasts, focusing on what's "hot" at the SEC. The schedule for 2007 is:

Tuesday	March 13, 2007	1-3 PM ET
Tuesday	June 19, 2007	1-3 PM ET
Tuesday	September 18, 2007	1-3 PM ET
Tuesday	December 18, 2007	1-3 PM ET

Take advantage of your member and series discounts and order your subscription to the [2007 SEC Quarterly Update Series](#) today.

### **Not-for-Profit Strategy Briefing**

If you work for or with a Not-for-Profit you may also be interested in the Not-for-Profit Strategy Briefing scheduled for Thursday, June 7, 2007 from 1-3PM.

Details for these webcasts and more will be coming soon!

All webcast information can be accessed at [AICPA Learning](#).

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**Conference Spotlight**

## **Don't Miss the Spring 2007 Controller's Workshop**

If you missed the Controller's Workshop in July than make sure to attend this Spring in beautiful San Antonio, TX on March 15-16 (average high: 74 degrees). David Blackwell, VP and CFO Global Procurement, Wal-Mart Stores, Inc will present the keynote on Corporate Social Responsibility – Business Sustainability in the 21st Century.

In addition to the main conference there will be optional conferences both before and after the main conference. For more information see [Controller's Workshop San Antonio](#). **Save \$70 when you register by January 29, 2007.**

## **Balanced Scorecard Back in 2007**

Following on the success of last year's AICPA/Balanced Scorecard Forum, the AICPA will be offering a series of 3 Balanced Scorecard workshops this year:

**Balanced Scorecard – Mapping Strategy (Workshop I) February 12-13, 2007**

**Balanced Scorecard – Cascading Strategy (Workshop II) March 14-15, 2007**

**Balanced Scorecard – Executing Strategy (Workshop III) April 9-10, 2007**

All workshops will be held in the AICPA Boardroom in New York City. Click on the following link for a detailed agenda, and to register for these [Balanced Scorecard](#) events.

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For any questions about prior orders, membership or related issues, please email [service@aicpa.org](mailto:service@aicpa.org) or call 888-777-7077.

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